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DE RUEHBR #0773 1101744
ZNR UUUUU ZZH
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FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 5167
RHEBAAA/USDOE WASHDC
RUCPDO/USDOC WASHDC
RUEHRC/USDA WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
INFO RUEHSO/AMCONSUL SAO PAULO 6791
RUEHRI/AMCONSUL RIO DE JANEIRO 1913
RUEHRG/AMCONSUL RECIFE 4633

UNCLAS BRASILIA 000773

SIPDIS

STATE PASS USTR:MSULLIVAN
DOE FOR GWARD/SLADISLAW
NSC FOR CRONIN
USDOC FOR 3134/USFCS/OIO/WH/EOLSON
USDOC FOR 4332/ITA/MAC/WH/OLAC/MWARD
USDA FOR FAS/ITP AND FAS/FAA/WH
STATE PASS OPIC FOR MORONESE, RIVERA, MERVENNE
STATE PASS EXIM FOR NATALIE WEISS, COCONNER
STATE PASS USTDA FOR AMCKINNEY
TREASURY FOR OASIA:FPARODI
AID/W FOR LAC/AA

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [ENRG](#) [KSCA](#) [EAGR](#) [TRGY](#) [EINV](#) [ETRD](#) [BR](#)

SUBJECT: BILATERAL COOPERATION WITH BRAZIL ON BIOFUELS

¶1. (SBU) Summary and Action Request. In view of the President's State of the Union address calling for expanded U.S. use of ethanol and Brazil's desire for closer ties to the United States in this area, Mission would like to stage a bilateral conference with Brazilian government and industry on ethanol/biodiesel issues. Prior to moving forward, however, we need guidance from the interagency community on what approach we should pursue regarding biofuel cooperation with Brazil. In addition, we welcome Washington's input on the topics that might be most effectively addressed in such an event. To cull the views of the various concerned agencies (State, DOE, AID, USTR, USDA, Commerce, Treasury, NSC, etc.), post suggests that a Sub-PCC level meeting be called to expeditiously discuss the matter. End Summary and Action Request.

¶2. (SBU) While Brazil and the USG are at odds on a number of high-profile issues (FTAA, WTO, UNSC expansion, among others), given increasing sentiment in the United States in favor of renewable fuels and the GOB's oft-stated desire to intensify ethanol cooperation with the United States, post believes that we should seek to transform this topic into a positive item on our bilateral agenda. As the world's largest producer of ethanol, Brazil has sought to reach out to the world's second largest producer - the U.S. President Bush's State of the Union address outlining new biofuel friendly energy policies received significant media coverage in Brazil. In recent months in Brazil, the President's Office (Planalto), the Ministry of Mines and Energy, the Ministry of Development, Industry, and Commerce, the Ministry of Agriculture, the Ministry of External Relations, and the Ministry of Science and Technology have all raised ethanol issues in their meetings with USG officials. Conversely, a host of congressional visitors (Codel Coleman, Codel Hyde, Codel McConnell, Codel Specter, Codel Grassley, and Nodel Dayton) have evinced interest in ensuring that the United States learns from the Brazil experience. State of Florida and State of California officials have voiced similar sentiments as well.

¶3. (SBU) Similar to the various GOB ministries involved in biofuels, ethanol is a topic that also cuts across USG interagency lines.

Inter alia, State, Commerce, Energy, Treasury, USTR, USAID, and Agriculture all deal with it in one form or the other, whether it be from the development, trade, investment, research, environmental, or standards angle. Accordingly, to ensure that our approach is consistent with emerging USG policies, we request that a Sub-PCC meeting be convened to define the substance of our message and the approach (most likely a conference) to best move our agenda forward.

The Department of Energy has already expressed interest in such a conference.

[¶4.](#) (SBU) Post welcomes guidance from Washington.

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